

# Stock Positioning

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How much Microsoft do you have? How much Cisco are you going to buy?

For people outside a distribution center, stock positioning is all about which companies you own shares of and how much those shares are worth. This can be hotly debated among friends and co-workers.

The stock positioning discussed in distribution centers can cause equally intense debates, but it involves issues different from the stock market.

The stocks Defense Distribution Center (DDC) is concerned about are the critical items provided by DLA to support the military. Some of the stock positioning questions facing DDC and our component distribution centers include: Where is the stock now? Where will it be used most often? What is the most efficient way to get the stock from the manufacturer to the user?

DDC is developing the architecture to achieve a global vision. DDC's stock positioning will streamline distribution and reduce customer wait time; lessen the financial burden on the Services—by reducing their retail inventory and their costs; reduce stress on the Strategic Airlift during contingency operations; and allow the savings created from streamlined distribution to be used to add more breadth of inventory and contingency stocks. The ultimate goal is to improve overall readiness.

To begin this process DDC must position the right stock at the right distribution centers. This is already underway at the two DDC Strategic Distribution Platforms (SDP), Defense Distribution Depot San Joaquin, California (DDJC) and Defense Distribution Depot Susquehanna, Pennsylvania (DDSP). DDC is also improving the positioning of stock in Europe and the Pacific by redistributing highly demanded items to the two Theater Distribution Platforms (TDP) located at the Defense Distribution Depot Europe (DDDE), Germersheim, Germany and the Defense Distribution Depot Yokosuka, Japan (DDYJ).

Another important piece of the stock positioning puzzle is the collocated centers. Items at collocated centers that are not used locally can result in unnecessary out-of-region shipments. DDC is redistributing that stock to the best location, one of the SDPs for worldwide redistribution, or at another collocated center that is the primary user of the item.

Collocated centers will provide tailored support to collocated local customers. Ultimately, collocated centers will have a wide breadth of stock with the appropriate depth of inventory, which is replenished from SDPs and vendors routinely.

DDC is also working with the DLA Supply Centers to have new procurement directed to the most appropriate SDP or collocated center when it is delivered from the manufacturer. This saves unnecessary transportation, handling, and time, which all add up to saving money.

DDC is studying many aspects of stock positioning and one of the first things learned is that as much as a third of our fastest moving stock is in the wrong place. That means a substantial portion of our stock is being unnecessarily shipped, wasting time and money every day.

It has been determined that 80,000 items (out of almost four million items that DDC stocks) account for 72% of demand. DDC is working to reposition these items first. Many of these fast-movers have already been moved and progress continues.

Prudent stock positioning is part of DDC's global distribution architecture. To speed implementation of global plan, DDC is getting the stock in the right place, moving out-of-position stock, and having new material delivered to right location at the time of purchase.

Ultimately, stock positioning will allow DDC to be more responsive to the many needs of our customers which will save time, money, and labor, and in turn will lead to improved overall readiness.

Stock positioning efforts, similar to what is happening at the DDC SDPs and TDPs, are ongoing in each distribution center to ensure the most efficient layout based on popularity and handling characteristics.



*Martha McIntyre, Chuck Palmer, Ron Marichak, Tony DeVito, and Keith Stahl, members of the DDC Stock Positioning Team, discuss current statistics.*



*Lt Col William Tonkins, Royal Logistic Corps, British Army, one of the leaders of the DDC Stock Positioning Team.*